

Big Break-Throughs Leading to Mid-term Solutions

Clean, fuel-efficient and cost-efficient Solutions that can make a difference!

Clean Diesel

- shows viability to meet engine-out NOx for Tier 2 (Bin 5) and heavy-duty 2010 standards without NOx aftertreatment
- research suggests it may be competitive with other alternatives for meeting future diesel standards
- Light and Heavy duty engines

Series Hydraulic Hybrid Vehicles

- Urban Delivery Vehicles (Class 5 & 6)
- Sport Utility Vehicles

Patented EPA Technologies

3

More Engine Break-Throughs ...

HCCI Combustion

- 4 cylinder engine working, installed in truck
- Virtually "no" NOx or PM emissions
- Diesel like efficiency from gasoline
- Excellent engine for a series hybrid
- Paper in March 2004 SAE Congress

Free-Piston Engine

- Great efficiency -Hydraulic power directly from engine
- Clean 4-stroke cycle or High Power 2-stroke cycle
- Capable of Clean Diesel or HCCI combustion
- High Reliability/Low Cost potential: fewer moving parts

Patented EPA Technologies

More Emerging Engine Technologies...

Ethanol-Value

- Diesel-like efficiency, low GHG
- Payback analysis low cost fuel (E30) still achieves high fuel economy
- Ready for fleet demonstration

Variable Displacement Engine

 Allows optimum high efficiency use of a small displacement engine while retaining the option for sustained high power when needed

Variable Compression Engine

 Allows low power, very efficient engines to also provide high power performance

Patented EPA Technologies

5

Controlling Diesel Engine-out NOx...

<u>Air Management</u>

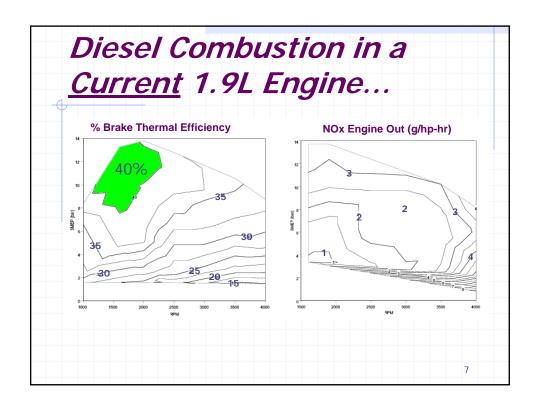
controls peak combustion temperature with boost & EGR (low NOx)

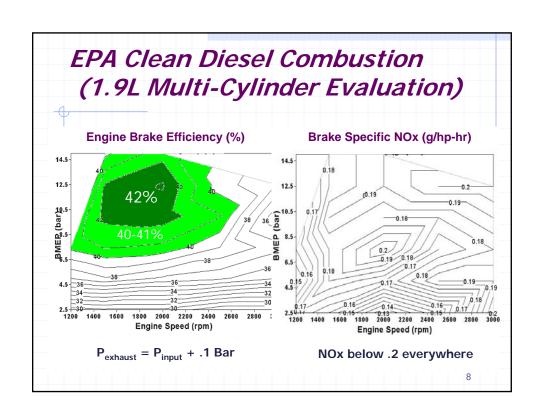
Fuel and Combustion Management

 promotes fast combustion utilizing advanced fuel injection systems for performance, good efficiency, and low smoke/PM

Conventional Aftertreatment

- reduces PM, HC & CO to the level of the standards





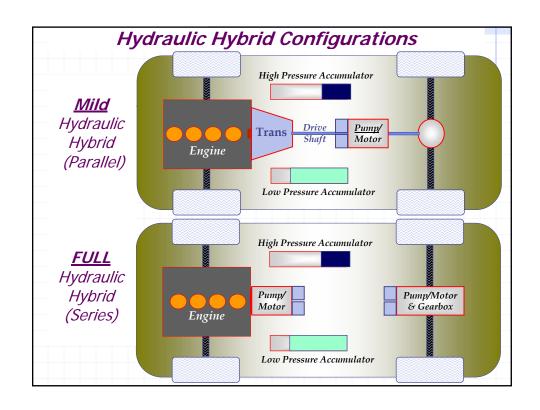
Historic EPA Hydraulic Hybrid Test Chassis

- ✓ Full Series Hydraulic Hybrid
- ✓ 80+ mpg combined city/highway mpg
- ✓ ~8 seconds 0-60 acceleration time
- No need for expensive lightweight materials (test weight 3800 lb)
- ✓ 25 patents, 25 more pending
- ✓ Led to 3 industry partners Ford, Eaton, Parker-Hannifin
- ✓ Lead the way for subsequent demonstration vehicles

9

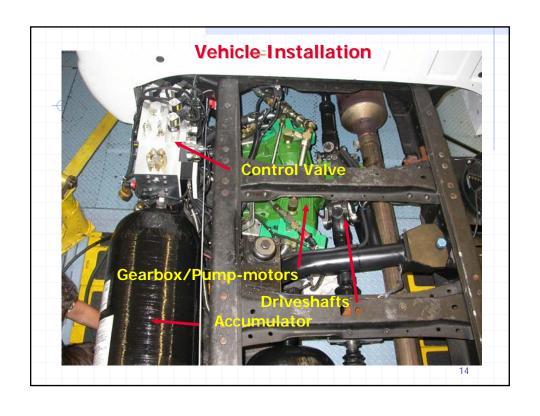
Current EPA Demonstration of Hydraulic Hybrid Vehicles

- 1. Class 5 Delivery Truck
 - Launch Assist (parallel) Hydraulic Hybrid
 - Diesel Engine
 - Package suitable for retrofits
- 2. Sport Utility Vehicle
 - Full (series) Hydraulic Hybrid
 - Diesel Engine
- 3. Class 6 Urban Package Delivery Vehicle
 - Full (series) Hydraulic Hybrid
 - Diesel Engine







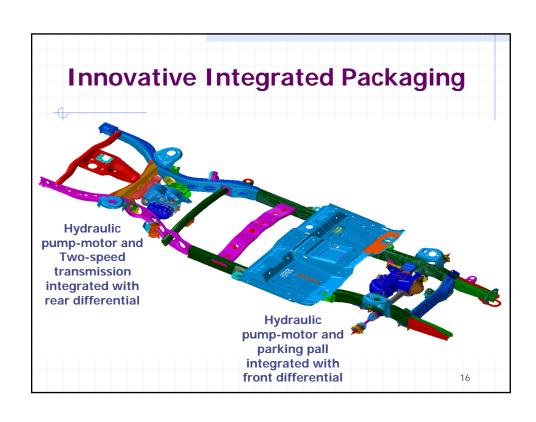


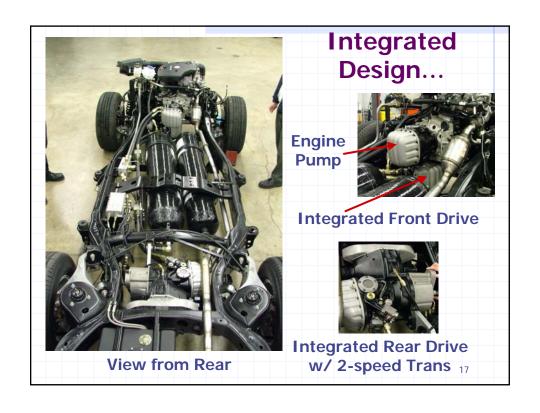
Full Hydraulic Hybrid SUV

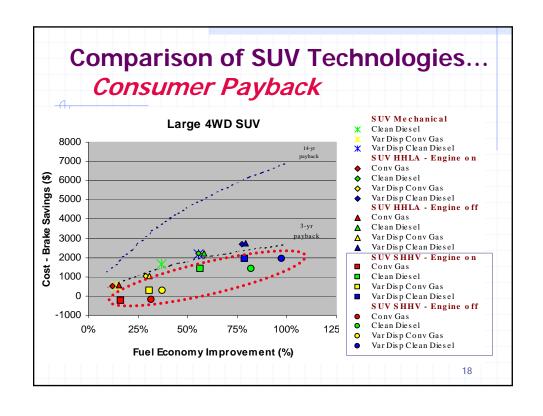
- Full integrated hydraulic hybrid, diesel engine, clean packaging, cost effective, targets 85% mpg improvement
- Excellent 1-3 year payback for consumer
- Best configuration to communicate a vision of production potential

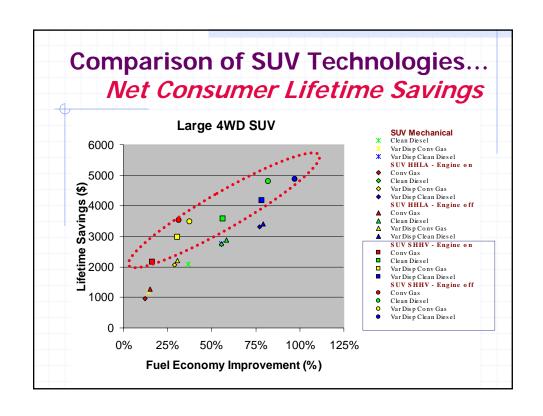


Showcasing the full use of hydraulics in a Ford Expedition.











Urban Delivery Vehicle - *Full Hydraulic Hybrid*

- First-ever full integrated hydraulic hybrid delivery vehicle, targets 70% mpg improvement in city driving
- 2-year payback has attracted serious attention from fleets
- Partnership involving EPA, Eaton, UPS, OEM & Army
- Announcement later this year



Showcasing full hydraulic hybrid systems in an Urban Delivery Vehicle.

21

Hybrids and Competing Technologies

Our Conclusions---

Hydraulic hybrid vehicles are a promising near-future powertrain with important consumer attributes such as:

- 1 to 3 year investment payback
- significant reduction in lifetime operating expenses
- improved vehicle performance